

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION**

REPUBLIC TECHNOLOGIES (NA),
LLC and REPUBLIC TOBACCO, L.P.,

Plaintiffs,

vs.

BBK TOBACCO & FOODS, LLP d/b/a
HBI INTERNATIONAL,
Defendant.

Case No. 16-cv-03401

Judge Thomas M. Durkin

AGREED ORDER FOR PERMANENT INJUNCTION

Plaintiffs Republic Technologies (NA) LLC and Republic Tobacco, LP

(“Republic”) and Defendant BBK Tobacco & Foods, LLP (“HBI”) submit the following proposed order that, if entered, would resolve Republic’s request for entry of a permanent injunction.¹ The parties submit the following:

¹ After trial Republic filed a Motion for Equitable Relief Arising Out of HBI’s Liability For Violation of the Illinois Uniform Deceptive Trade Practices Act and Unfair Competition (*see* R. 815 (“Motion for Equitable Relief”) and R. 835 (“Reply in Support of Equitable Relief”)) in which Republic asked the Court to (1) enter an injunction permanently enjoining HBI from further marketing based on alleged false and misleading advertising statements challenged by Republic; (2) order HBI to recall all deceptive packaging for RAW Organic Hemp rolling paper; (3) order HBI to disgorge its ill-gotten profits to Republic, and (4) award reasonable attorneys’ fees to Republic. This proposed order would resolve the first and second issues, the request for an injunction permanently enjoining HBI from making advertising statements that Republic has claimed are false or misleading, and the request for HBI to recall packaging and marketing materials for RAW Organic Hemp rolling papers, leaving the remainder of the relief requested for the Court to decide.

Background

In Counts IV-V Republic alleged that HBI violated the Illinois Uniform Deceptive Trade Practices Act (“IUDTPA”) and engaged in unfair competition. *See* R. 47. During trial, Republic asserted that HBI deceptively and unfairly marketed its RAW Organic Hemp rolling papers in its catalogs, website, internet, promotions, and by word of mouth and that such conduct largely fell within nine topics or categories: (1) “Made in Alcoy, Spain, the birthplace of rolling papers;” (2) the “RAW Foundation;” (3) that the RAW Organic Hemp rolling papers are “unrefined;” (4) “Made with Natural Hemp Gum;” (5) that RAW Organic Hemp rolling papers are the “World’s Only” or “World’s First” organic hemp rolling papers; (6) that RAW organic hemp rolling papers are made in facilities that are eco-friendly and “100% wind powered;” (7) that RAW Organic Hemp papers are made using the center of the hemp stalk; (8) that HBI’s CEO and founder Joshua Kesselman invented rolling paper cones; and (9) that the OCB Organic Hemp papers are knock-offs, “RAWnabees,” copies, or fake versions of RAW. *See* R. 805 (Jury Verdict Form) at 2.

At trial in this matter, held in June 2021, the jury entered a verdict in favor of Republic finding that HBI, through its actions and statements, violated the IUDTPA and engaged in unfair competition. R. 805 (Jury Verdict Form) at 4-5. The jury verdict did not identify which specific statements formed the basis for its verdict.

After trial Republic filed a Motion for Equitable Relief (R. 815) in which it sought, among other things, a permanent injunction enjoining HBI from continuing to make the statements identified above. HBI has since represented to the Court that it has stopped

or will stop making the statements indicated above without consenting to a finding that any of the subject statements was or is false. HBI and Republic agree that this injunction accurately reflects the parties' agreement as to the terms of this injunction, except that disputed issues addressed by the Court's orders of December 6, 2022 and January 19, 2023, are hereby preserved for appeal.²

Agreed Limitations to HBI's Future Advertising and Promotions

The Court orders and HBI agrees, that HBI and its affiliates, officers, agents, servants, and employees shall, consistent with the timing below, permanently refrain from making any statement or communication, or engaging in any promotion or advertising activity that states, implies, or suggests the following:

- 1) That HBI and/or RAW operate(s) or contributes its funds or sales proceeds to a charitable entity or foundation of any kind referred to as the "RAW Foundation" or making reference to the "RAW Foundation" in text or images;
- 2) That RAW Organic Hemp rolling papers are "unrefined;"
- 3) That RAW Organic Hemp rolling papers are made with natural hemp gum, or that the adhesive used in RAW Organic Hemp rolling papers is made from or contains hemp;³
- 4) That RAW Organic Hemp rolling papers are, or ever were, the world's first or world's only organic (or organic hemp) rolling papers;

² In addition, this Order does not operate as a waiver by either party, for purposes of appeal, of disputed issues arising from prior Court orders and not addressed herein.

³ With respect to topic 3, nothing in this Order shall prohibit HBI from stating, if true, that the content of the gum used with its rolling papers including, for instance, potential infusion of the gum with compounds such as "CBD" that is permitted under State and Federal law and that may be derived from hemp.

5) Alcoy Spain⁴

- (a) That RAW Organic Hemp rolling paper booklets are made in Alcoy, Spain;
 - (b) That RAW Organic Hemp pre-rolled rolling-paper cones are made in Alcoy, Spain;
 - (c) That the bulk paper (“bobbins”) used to make RAW Organic Hemp rolling paper products is made in Spain;
 - (d) That RAW Organic Hemp rolling papers are made in Alcoy Spain, the birthplace of rolling papers; and
 - (e) HBI shall not use on its packaging a “stamp” including the use of the word Alcoy or referring to Alcoy.
- 6) That RAW Organic Hemp rolling papers are made using wind power or are powered by wind;
 - 7) That HBI uses or used the center of the hemp stalk for its RAW Organic Hemp rolling papers;
 - 8) That HBI or Joshua Kesselman invented rolling paper pre-rolled cones;
 - 9) That the OCB Organic Hemp papers are knock-offs, “RAWnabees”, copies, or fake versions of RAW.

HBI will stop promoting, selling, distributing, shipping, or delivering products sold in packaging displaying the above statements, including an Alcoy Stamp, pursuant to the following schedule:

- (a) within 30 days, for all of HBI’s RAW® Organic Hemp items subject to this Order;
- (b) within 120 days following entry of this Order, the remainder of HBI’s items, other than RAW® Organic Hemp items, that are sold in packaging including an Alcoy Stamp.

⁴ With respect to topic 5 (a-e), the Court and parties agree nothing in this Order shall prohibit HBI from truthfully representing that its rolling-paper-booklet products are made in Spain or that its cone products are made in Indonesia, Moldova, or such other country where HBI’s cone products are assembled with tips and glued.

Immediately upon entry of this Order, HBI shall not manufacture, order, or replenish its inventory with any goods that fail to conform with the terms of this Order. Moreover, in the event HBI receives any goods that fail to conform with the terms of this Order after that time, HBI shall not sell, re-sell or otherwise market such non-conforming goods.

HBI further agreed on September 3, 2021 (R. 828 at 25-26) and the Court hereby orders that all advertising or promotional statements made by HBI after the date of this Order shall either clearly constitute permissible opinion (*e.g.*, that something is “great tasting”) or be factual statements for which HBI maintains tangible, objective, verification. R. 916 at 15-16.

Dated: January 30, 2023

Agreed on Behalf of
Plaintiff/Counter-defendant
Republic Technologies (NA) LLC
And Republic Tobacco, L.P.

Agreed on Behalf of
Defendant/Counter-plaintiff
BBK Food & Tobacco LLP
d/b/a HBI International

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Entered this 31st day of January, 2023



Hon. Thomas Durkin